

Message Text

UNCLASSIFIED

PAGE 01 ABIDJA 07509 01 OF 02 111452Z
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04
SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01 L-03
IO-14 AS-01 /119 W

-----046224 111538Z /45

R 111229Z AUG 78
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY WASHDC
AMEMBASSY NDJAMENA
INFO SECSTATE WASHDC 9938

UNCLAS SECTION 1 OF 2 ABIDJAN 7509

DEPT PASS DCC AGENCIES

E.O. 11652: N/A
TAGS: AFDF, EAID, EFIN
SUBJECT: AFRICAN DEVELOPMENT FUND LOAN FOR CHAD ROAD
REHABILITATION PROJECT

SUMMARY: AFRICAN DEVELOPMENT FUND MANAGEMENT PROPOSES 5.25 MILLION FUND UNIT OF ACCOUNT (FUA EQUAL TO US \$1.11) LOAN TO THE GOVERNMENT OF CHAD TO FINANCE A PORTION OF A FOUR-YEAR ROAD MAINTENANCE PROGRAM INVOLVING 5,300 KM OF ROADS. PROJECT INCLUDES TRAINING, TECHNICAL ASSISTANCE, PROCUREMENT OF EQUIPMENT AND SPARE PARTS. TOTAL COST OF ROAD MAINTENANCE PROGRAM ESTIMATED TO COST FUA 27.8 MILLION TO BE CO-FINANCED BY AFDF, IDA, USAID AND GOC. END SUMMARY.

1. AFDF DOCUMENT BD/78/65 AND ATTACHMENTS DESCRIBING PROJECT POUCHED TO DEVELOPMENT COORDINATING COMMITTEE (DCC) AGENCIES AUGUST 4, 1978. REQUEST AMEMBASSY NDJAMENA CABLE ANY VIEWS ON PROJECT TO ASSIST DCC DELIBERATIONS ON U.S. BOARD POSITION. BOARD CONSIDERATION SCHEDULED FOR AUGUST 24, 1978.

2. AFDF MANAGEMENT PROPOSES FUA 5.25 MILLION LOAN TO GOC TO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 07509 01 OF 02 111452Z

FINANCE 19 PERCENT OF COST OF A ROAD MAINTENANCE PROJECT WHICH CONSISTS OF: A) A 4-YEAR ROAD MAINTENANCE PROGRAM FOR ABOUT 5,300 KM OF UNPAVED ROADS AND TRACKS, INCLUDING PURCHASE OF MAINTENANCE AND WORKSHOP EQUIPMENT AND SPARE PARTS, AND RENOVATION AND CONSTRUCTION OF WORKSHOPS AND OFFICE BUILDINGS; B) A TRAINING PROGRAM FOR THE COUNTRY'S DIRECTORATE OF PUBLIC WORKS (DPW) PERSONNEL INCLUDING THE TRAINING OF ROAD MAINTENANCE CREWS; C) CONSTRUCTION

OF FOUR FERRY BOATS; D) TECHNICAL ASSISTANCE AND FELLOWSHIPS TO STRENGTHEN DPW AND THE DIRECTORATE OF TRANSPORT (DT); E) PREPARATION OF A STUDY FOR FURTHER DEVELOPMENT OF RURAL ROAD NETWORK; AND F) IMPROVEMENT AND MAINTENANCE PROGRAM FOR FEEDER ROADS. TOTAL COST OF PROJECT ESTIMATED AT FUA 27.8 MILLION TO BE CO-FINANCED WITH IDA (FUA 6.9 MILLION), USAID (FUA 8.09 MILLION), AND GOC (FUA 7.55 MILLION). AFDF LOAN TO BE USED TO FINANCE PROCUREMENT OF EQUIPMENT, SPARE PARTS AND TOOLS INCLUDING HEAVY EQUIPMENT SUCH AS BULLDOZERS (FOUR), DUMP TRUCKS (15), TRACTORS, TRAILERS, LAND ROVERS, FUEL TRANSPORT TANKS, AND VARIOUS OTHER ITEMS. NEW EQUIPMENT AND RELATED SPARE PARTS TO BE FINANCED BY AFDF TOTAL FUA 3.9 MILLION. SPARE PARTS FOR REHABILITATION OF EXISTING EQUIPMENT TOTAL FUA 650 THOUSAND AND WORKSHOP EQUIPMENT AND TOOLS TOTAL FUA 218 THOUSAND. COST ESTIMATES INCLUDE SEVEN PERCENT ALLOWANCE FOR PHYSICAL CONTINGENCIES AND 16 PERCENT ALLOWANCE FOR PRICE ESCALATION. ANY COST OVERRUNS TO BE MET BY BORROWER. EIGHTY-EIGHT (88) PERCENT OF AFDF LOAN TO COVER FOREX COSTS. PROCUREMENT OF AFDF FINANCED COMPONENTS TO BE IN ACCORDANCE WITH STANDARD INTERNATIONAL BID PROCEDURES. TERMS OF AFDF LOAN: 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. GOC TO BE BORROWER, DIRECTORATE OF PUBLIC WORKS TO BE EXECUTING AGENCY.

3. CHAD IS ONE OF THE POOREST COUNTRIES IN THE WORLD WITH A PER CAPITA GNP OF APPROXIMATELY US \$120 PER YEAR. AFDF APPRAISAL REPORT INDICATES THAT BECAUSE OF INTERNAL SECURITY PROBLEMS AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABIDJA 07509 01 OF 02 111452Z

LONG PERIODS OF DROUGHT, ECONOMIC PROGRESS IN THE COUNTRY HAS ALMOST COME TO A STANDSTILL AND, IN FACT, THE GOVERNMENT IS HAVING DIFFICULTY IN MAINTAINING THE PRESENT LEVEL OF DEVELOPMENT. THE COUNTRY COVERS AN AREA OF 1.3 MILLION SQ KM WITH AN APPROXIMATE POPULATION OF ONLY FOUR MILLION PEOPLE. GIVEN CURRENT ECONOMIC CONDITIONS, THE GOVERNMENT CANNOT CONTRIBUTE EFFECTIVELY TO INVESTMENTS IN THE TRANSPORT SECTOR NOR FULLY MEET NECESSARY RECURRENT COSTS. THE PROPOSED PROJECT AIMS AT PROVIDING A SOUND FINANCIAL AND TECHNICAL BASIS FOR ROAD MAINTENANCE IN THE COUNTRY. THE PRINCIPAL OBJECTIVE OF THE PROJECT IS TO ENSURE CONTINUITY IN ROAD NETWORK MAINTENANCE OPERATIONS SO THAT THE COUNTRY'S ROAD NETWORK REMAINS PASSABLE.

NOTE BY OC/T: NOT PASSED DCC AGENCIES.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABIDJA 07509 02 OF 02 111431Z
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04
SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01 L-03
IO-14 /118 W
-----045573 111543Z /45

R 111229Z AUG 78
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY WASHDC
AMEMBASSY NDJAMENA
INFO SECSTATE WASHDC 9939

UNCLAS SECTION 2 OF 2 ABIDJAN 7509

DEPT PASS DCC AGENCIES

4. CHAD'S ROAD NETWORK CONSISTS OF 7,300 KM OF ROADS AND ABOUT 24 THOUSAND KM OF UNMAINTAINED TRACKS. THE ROAD NETWORK INCLUDES ONLY THREE PAVED ROADS WITH A TOTAL COMBINED LENGTH OF 253 KM AND ABOUT 1,050 KM OF ALL-WEATHER GRAVEL ROAD. THE REMAINDER OF THE NETWORK IS EARTH SURFACE ROAD WHICH IS PASSABLE ONLY DURING SEVEN OR EIGHT MONTHS OF THE YEAR. THE COUNTRY'S VEHICULAR FLEET IS ESTIMATED TO TOTAL BETWEEN TWO AND THREE THOUSAND. THIS INCLUDES APPROXIMATELY 400 TRUCKS WITH A CAPACITY OF 18 TONS OR HIGHER AND 47 TANKER TRUCKS. THERE ARE NO REGULAR BUS SERVICES TO THE INTERIOR OF THE COUNTRY, BUT RATHER, PASSENGERS ARE TRANSPORTED BY TRUCK. PASSENGER-KILOMETERS PER YEAR ARE ESTIMATED AT 73.5 MILLION. TRAFFIC COUNTS CONDUCTED IN 1977 INDICATE THAT THERE ARE ONLY TWO ROADS IN THE COUNTRY WHERE USAGE EXCEEDS 100 VEHICLES PER DAY, ALONG THE NDJAMENA-GUELENDENG AND THE NDJAMENA-GASSI ROUTES. THERE ARE SIX OTHER ROADS WHERE TRAFFIC IS CLOSE TO OR EXCEEDS 50 VEHICLES PER DAY. RESPONSIBILITY FOR ROAD MAINTENANCE IN THE COUNTRY IS DIVIDED BY MAJOR GEOGRAPHIC REGION AND FURTHER SUB-DIVIDED INTO A SERIES OF LOCAL AREAS. IN REALITY, MOST ROAD MAINTENANCE UNITS EXIST ONLY ON PAPER DUE TO THE EXTREME LACK OF FUNDS AND EQUIPMENT. THE ROAD MAINTENANCE CAPABILITY HAS ACTUALLY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 07509 02 OF 02 111431Z

DECREASED SINCE 1972 WHEN THE COUNTRY WAS ABLE TO MAINTAIN ABOUT 2,800 KM PER YEAR. SINCE 1972, THERE HAS BEEN NO EQUIPMENT RENEWAL AND A PAUCITY OF OPERATING FUNDS. BY 1976 THE MAINTENANCE OUTPUT HAD GRADUALLY DECREASED TO 1,800 KM. THE APPRAISAL REPORT INDICATES THAT THE CONDITION OF THE ROAD NETWORK HAD DETERIORATED TO THE POINT WHERE IT IS NECESSARY TO IMMEDIATELY REGRAVEL 400 KM OF EXISTING ROAD TO AVOID LOSS OF INVESTED CAPITAL. THE COUNTRY'S

PAVED ROADS ALSO REQUIRE RESURFACING.

5. AFDF APPRAISAL REPORT CONSIDERS MAINTENANCE OF AN ADEQUATE ROAD NETWORK AS ESSENTIAL TO THE COUNTRY'S DEVELOPMENT. CURRENTLY, 85 PERCENT OF TOTAL NATIONAL AND INTERNATIONAL TRANSPORT IS EFFECTED BY ROAD, SINCE THE MAJOR RIVERS WHICH FLOW ACROSS A PORTION OF THE COUNTRY ARE NAVIGABLE ONLY FOR A FEW MONTHS OF THE YEAR. THE REPORT INDICATES THAT CHAD REQUIRES ASSISTANCE IN ALL SECTORS BUT EMPHASIZES THE NEED IN THE TRANSPORT SECTOR, SINCE A CONTINUING DETERIORATION OF THE TRANSPORT NETWORK WILL SOON SIGNIFICANTLY HAMPER DEVELOPMENT EFFORTS IN OTHER AREAS. AFDF CONSIDERS THE INTERNAL RATE OF RETURN OF THE PROJECT TO RANGE FROM 20 TO 28 PERCENT, BASED ON SAVINGS IN VEHICLE OPERATING COSTS AND TRAFFIC GROWTH PROJECTIONS.
FRIEDMAN

NOTE BY OC/T: NOT PASSED DCC AGENCIES.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS, DEVELOPMENT BANKS, HIGHWAYS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABIDJA07509
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780328-1217
Format: TEL
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780871/aaaachfd.tel
Line Count: 187
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 73cd8264-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1761425
Secure: OPEN
Status: NATIVE
Subject: AFRICAN DEVELOPMENT FUND LOAN FOR CHAD ROAD REHABILITATION PROJECT SUMMARY: AFRICAN DEVELOPMENT FUND MANAGEMENT PROP
TAGS: ELTN, EAID, EFIN, PROP, AFDF
To: TRSY NDJAMENA
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/73cd8264-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014